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Kentucky Department of Agriculture
A Consumer Protection And Service Agency

POLICY MEMORANDUM – KY-FD-PM-S-07-01

TO: Food Service Director/Administrator

FROM: Teresa Ulery, Director
Division of Food Distribution

DATE: July 5, 2006

SUBJECT: Use of Donated Foods in the National School Lunch Program and other Child Nutrition Programs

This memorandum addresses the allowable uses of donated foods received in the National School Lunch Program (NSLP). In accordance with Section 6 (c) of the Richard B. Russell National School Lunch Act and 7 CFR 250.48(b), each year School Food Authorities (SFAs) receive donated foods in the NSLP based on the number of lunches served during the previous school year, and the established per-meal value. Therefore, SFAs should use donated foods as far as practical, in lunches served to schoolchildren as part of the school food service. However, you may also use donated foods in other nonprofit school food service activities. Revenues received from such activities must accrue to the SFA's nonprofit food service account. Some examples of such activities include:

1. School breakfast or other meals served in child nutrition programs;
2. A la carte foods sold to children;
3. Meals served to adults directly involved in the operation and administration of the nonprofit school food service, and other school staff;
4. Training in nutrition, health, food service or general home economics instructions for students.

SFAs should not use donated foods in food service activities that do not benefit primarily schoolchildren, such as banquets or catered events. In some cases, though, this may not



be avoided – for example, if a SFA commingles donated foods and commercially purchased foods in a single inventory management system. However, in all such cases the SFA authority must ensure reimbursement to the nonprofit school food service account for the value of the donated foods used in such activities, just as it must ensure reimbursement for other resources used from the account. Since, under single inventory management, such reimbursement cannot be made based on actual usage of the donated foods, the SFA must establish an alternate method to ensure that donated foods do not subsidize food service activities that do not primarily benefit schoolchildren. This may be achieved, for example, by including the current established per-meal value of donated food assistance in the price charged for the food service activities. A SFA must ensure that its contract with a Food Service Management Company to conduct the food service also provides for such reimbursement to the nonprofit school food service account. Further guidance in this area is can be found in FNS Instructions 782-5, Pricing of Adult Meals in the National School Lunch and School Breakfast Programs.

In a similar manner, recipient agencies receiving donated foods for use in Summer Food Service Program (SFSP) and Child and Adult Care Food Program (CACFP) must use donated foods, as far as practical, in the meals provided to program recipients, but may also use them for other meals in accordance with the guidance included in this policy memorandum.

Should you have questions pertaining to this policy, please contact me by email Teresa.Ulery@ky.gov or call 502-573-0298 ext. 261.